

Message Text

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 2513

C O N F I D E N T I A L BELGRADE 1772

STADIS//////////

FOR UNDER SECRETARY ROBINSON AND ASSISTANT SECRETARY
HARTMAN FROM AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR YO

SUBJ: US CREDIBILITY IN DEALINGS WITH YUGOSLAVS

REF: (A) BELGRADE 1692; (B) BELGRADE 1711

1. I AM DEEPLY CONCERNED THAT ACTIONS IN TWO RECENT INSTANCES
(AND UNDERLYING ASSUMPTIONS THEY APPEAR TO INDICATE) RUN A GRAVE
RISK OF NEGATING WHAT SHOULD BE THE PRINCIPAL FOCUS OF OUR POLICY
TOWARD YUGOSLAVIA IN THIS TRANSITION PERIOD -- THE ESTABLISHMENT
OF A RELATIONSHIP OF CONFIDENCE IN WHICH THE YUGOSLAVS WILL FEEL
THEY CAN DEPEND ON THE U.S. IF AND WHEN THAT BECOMES NECESSARY.

2. TO CAPSULIZE, IN THE FIRST INSTANCE (REF A) WE HAVE TAKEN A STEP
WHICH SEEMS DIRECTLY CONTRARY TO OUR OWN INTERESTS. AFTER A HISTORY
OF TWO YEARS OF DELAY IN DELIVERY FOR WHICH WE SEEM TO BEAR HEAVY
ALTHOUGH NOT EXCLUSIVE RESPONSIBILITY, WE HAVE RAISED BY 70 PERCENT
THE PRICE OF SOME AMMUNITION THE YUGOSLAVS ORDERED AND ON WHICH
THEY MADE A 50 PERCENT DEPOSIT AT THE TIME OF ORDER. IN THE SECOND
INSTANCE, EVEN AFTER RECEIVING STRONG EVIDENCE OF COOPERATION IN
EXPORT CONTROL CASES, WE APPEAR TO HAVE ARBITRARILY FROZEN OR
DELAYED ISSUANCE OF EXPORT LICENSES AND TOLD THE AMERICAN FIRMS
CONCERNED (WHO HAVE PASSED THE INFO ON TO THEIR YUGOSLAV
CUSTOMERS) THAT THE DELAY IS "POLITICAL" AND DUE TO A BASIC POLICY
REASSESSMENT ON LICENSES FOR YUGOSLAVIA. THE GORY DETAILS ARE
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IN THE REFERENCED TELEGRAMS.

3. IN BOTH OF THESE INSTANCES OUR ACTIONS WILL (IF THEY HAVE NOT ALREADY) COME TO THE ATTENTION OF THE HIGHEST YUGOSLAV POLICY LEVELS, WHERE THERE WILL SEEM NO ALTERNATIVE BUT TO JUDGE THEM AS SIGNALLING A POLICY CHANGE ON OUR PART. IN THE CASE OF THE AMMUNITION,

I ALREADY HAVE BEEN CALLED IN BY THE DEPUTY DEFENSE SECRETARY AND ASKED WHETHER OUR PRICING ACTION SHOULD BE EXPLAINED BY POLITICAL RATHER THAN ECONOMIC MOTIVES -- HE SPECULATED THAT WE RAISED THE PRICE TO STOP THE SALE.

4. WHETHER THESE THINGS HAVE HAPPENED PURELY THROUGH BUREAUCRATIC INEPTITUDE, OR WHETHER THEY ARE THE HANDIWORK OF SOME INDIVIDUALS WHO DO NOT OR CHOOSE NOT TO UNDERSTAND WHAT OUR OBJECTIVES ARE IN YUGOSLAVIA, THEY CANNOT BE ALLOWED TO STAND WITHOUT SEVERE DAMAGE TO THE US INTEREST.

5. I STRONGLY URGE THAT THE DEPT INTERVENE WITH THE APPROPRIATE AGENCIES AT WHATEVER LEVEL IS NECESSARY TO GET THESE TWO MATTERS IN PROPER POLICY FOCUS SO THAT WE CAN UNDO TO THE DEGREE POSSIBLE THE DAMAGE DONE SO FAR, AND REASSURE THE YUGOSLAVS THAT WE ARE NOT AS FICKLE AS WE APPEAR ON THE BASIS OF THE EVIDENCE WHICH NOW CONFRONTS THEM. FOR, AS YOU BOTH KNOW VERY WELL, FOLLOWING UPON THE BIJEDIC VISIT WHAT HAS BEEN DONE WILL SEEM TO INDICATE THAT FROM THE HIGHEST US LEVELS DOWN, WE SAY ONE THING BUT ACT DIFFERENTLY.
TOON

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